

AMENDED IN SENATE APRIL 6, 2015

SENATE BILL

No. 351

**Introduced by Committee on Banking and Financial Institutions
(Senators Block (Chair), Galgiani, Hall, Hueso, Lara, Morrell,
and Vidak)**

February 24, 2015

An act to amend Sections 173, 305, 307, 312, 313, 416, 703, 1102, 5039.5, 5213, 7213, 9213, 12228.5, 12320, 12331, ~~and~~ 12353, and 13401.5 of, and to add Section 156.6 to, the Corporations Code, relating to corporations.

LEGISLATIVE COUNSEL'S DIGEST

SB 351, as amended, Committee on Banking and Financial Institutions. ~~Corporations: management. Corporations.~~

(1) *The General Corporation Law generally authorizes the formation of general corporations.* The Nonprofit Corporation Law authorizes the formation of public benefit corporations, mutual benefit corporations, and religious corporations. The Consumer Cooperative Corporation Law authorizes the formation of consumer cooperatives. Each of these laws require a corporation formed under its provisions to have specific corporate officers, which include, among others, a chair of the board, which is also referred to with gender variations.

This bill would specifically expand the permissible titles relating to a chair of a board. *This bill would make nonsubstantive changes relating to bylaws effective during an emergency, as defined.*

(2) The Consumer Cooperative Corporation Law authorizes the formation of consumer cooperatives corporations, and specifies the corporate power of a corporation and its officers formed under its provisions.

This bill would expand the authority of a consumer cooperative corporation to conduct its ordinary business operations in anticipation of, or under the conditions of, an emergency, as defined, to include, among others, the authority to modify the requirements of giving notice to directors of a meeting of the board of directors in any practicable manner. The bill would also authorize a consumer cooperative corporation to enact bylaws effective only during an emergency relating to the management and conduct of its ordinary business affairs, to include, among others, bylaws providing procedures for designating additional or substitute directors.

(3) The Moscone–Knox Professional Corporation Act provides for the organization of a corporation under certain existing law for the purposes of qualifying as a professional corporation under that act and rendering professional services. The act authorizes specified healing arts practitioners to be shareholders, officers, directors, or professional employees of a designated professional corporation, subject to certain limitations relating to ownership of shares.

This bill would add dental assistants, licensed dentists, registered dental hygienists, and registered dental hygienists in extended functions to the list of healing arts practitioners who may be shareholders, officers, or directors of a registered dental hygienist in alternative practice corporation.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. Section 156.6 is added to the Corporations Code,*
- 2 *to read:*
- 3 *156.6. All references in this division to “chairperson of the*
- 4 *board” shall be deemed to refer to all permissible titles for the*
- 5 *chairperson of the board, as permitted by Section 312.*
- 6 *SEC. 2. Section 173 of the Corporations Code is amended to*
- 7 *read:*
- 8 *173. “Officers’ certificate” means a certificate signed and*
- 9 *verified by the ~~chairman~~ chairperson of the board, the president*
- 10 *or any vice president and by the secretary, the chief financial*
- 11 *officer, the treasurer or any assistant secretary or assistant treasurer.*
- 12 *SEC. 3. Section 305 of the Corporations Code is amended to*
- 13 *read:*

1 305. (a) Unless otherwise provided in the articles or bylaws
2 and except for a vacancy created by the removal of a director,
3 vacancies on the board may be filled by approval of the board
4 (Section 151) or, if the number of directors then in office is less
5 than a quorum, by (1) the unanimous written consent of the
6 directors then in office, (2) the affirmative vote of a majority of
7 the directors then in office at a meeting held pursuant to notice or
8 waivers of notice complying with Section 307 or (3) a sole
9 remaining director. Unless the articles or a bylaw adopted by the
10 shareholders provide that the board may fill vacancies occurring
11 in the board by reason of the removal of directors, such vacancies
12 may be filled only by approval of the shareholders (Section 153).

13 (b) The shareholders may elect a director at any time to fill any
14 vacancy not filled by the directors. Any such election by written
15 consent other than to fill a vacancy created by removal, which
16 requires the unanimous consent of all shares entitled to vote for
17 the election of directors, requires the consent of a majority of the
18 outstanding shares entitled to vote.

19 (c) If, after the filling of any vacancy by the directors, the
20 directors then in office who have been elected by the shareholders
21 shall constitute less than a majority of the directors then in office,
22 then both of the following shall be applicable:

23 (1) Any holder or holders of an aggregate of 5 percent or more
24 of the total number of shares at the time outstanding having the
25 right to vote for those directors may call a special meeting of
26 shareholders, or

27 (2) The superior court of the proper county shall, upon
28 application of such shareholder or shareholders, summarily order
29 a special meeting of shareholders, to be held to elect the entire
30 board. The term of office of any director shall terminate upon that
31 election of a successor.

32 The hearing on any application filed pursuant to this subdivision
33 shall be held on not less than 10 business days notice to the
34 corporation. If the corporation intends to oppose the application,
35 it shall file with the court a notice of opposition not later than five
36 business days prior to the date set for the hearing. The application
37 and any notice of opposition shall be supported by appropriate
38 affidavits and the court's determination shall be made on the basis
39 of the papers in the record; but, for good cause shown, the court
40 may receive and consider at the hearing additional evidence, oral

1 or documentary, and additional points and authorities. The hearing
2 shall take precedence over all other matters not of a similar nature
3 pending on the date set for the hearing.

4 (d) Any director may resign effective upon giving written notice
5 to the ~~chairman~~ *chairperson* of the board, the president, the
6 secretary or the board of directors of the corporation, unless the
7 notice specifies a later time for the effectiveness of such
8 resignation. If the resignation is effective at a future time, a
9 successor may be elected to take office when the resignation
10 becomes effective.

11 *SEC. 4. Section 307 of the Corporations Code is amended to*
12 *read:*

13 307. (a) Unless otherwise provided in the articles or, subject
14 to paragraph (5) of subdivision (a) of Section 204, in the bylaws,
15 all of the following apply:

16 (1) Meetings of the board may be called by the ~~chair~~ *chairperson*
17 of the board or the president or any vice president or the secretary
18 or any two directors.

19 (2) Regular meetings of the board may be held without notice
20 if the time and place of the meetings are fixed by the bylaws or
21 the board. Special meetings of the board shall be held upon four
22 days' notice by mail or 48 hours' notice delivered personally or
23 by telephone, including a voice messaging system or by electronic
24 transmission by the corporation (Section 20). The articles or bylaws
25 may not dispense with notice of a special meeting. A notice, or
26 waiver of notice, need not specify the purpose of any regular or
27 special meeting of the board.

28 (3) Notice of a meeting need not be given to a director who
29 provides a waiver of notice or a consent to holding the meeting or
30 an approval of the minutes thereof in writing, whether before or
31 after the meeting, or who attends the meeting without protesting,
32 prior thereto or at its commencement, the lack of notice to that
33 director. These waivers, consents and approvals shall be filed with
34 the corporate records or made a part of the minutes of the meeting.

35 (4) A majority of the directors present, whether or not a quorum
36 is present, may adjourn any meeting to another time and place. If
37 the meeting is adjourned for more than 24 hours, notice of an
38 adjournment to another time or place shall be given prior to the
39 time of the adjourned meeting to the directors who were not present
40 at the time of the adjournment.

1 (5) Meetings of the board may be held at a place within or
2 without the state that has been designated in the notice of the
3 meeting or, if not stated in the notice or there is no notice,
4 designated in the bylaws or by resolution of the board.

5 (6) Members of the board may participate in a meeting through
6 use of conference telephone, electronic video screen
7 communication, or electronic transmission by and to the
8 corporation (Sections 20 and 21). Participation in a meeting through
9 use of conference telephone or electronic video screen
10 communication pursuant to this subdivision constitutes presence
11 in person at that meeting as long as all members participating in
12 the meeting are able to hear one another. Participation in a meeting
13 through electronic transmission by and to the corporation (other
14 than conference telephone and electronic video screen
15 communication), pursuant to this subdivision constitutes presence
16 in person at that meeting if both of the following apply:

17 (A) Each member participating in the meeting can communicate
18 with all of the other members concurrently.

19 (B) Each member is provided the means of participating in all
20 matters before the board, including, without limitation, the capacity
21 to propose, or to interpose an objection to, a specific action to be
22 taken by the corporation.

23 (7) A majority of the authorized number of directors constitutes
24 a quorum of the board for the transaction of business. The articles
25 or bylaws may not provide that a quorum shall be less than
26 one-third the authorized number of directors or less than two,
27 whichever is larger, unless the authorized number of directors is
28 one, in which case one director constitutes a quorum.

29 (8) An act or decision done or made by a majority of the
30 directors present at a meeting duly held at which a quorum is
31 present is the act of the board, subject to the provisions of Section
32 310 and subdivision (e) of Section 317. The articles or bylaws may
33 not provide that a lesser vote than a majority of the directors present
34 at a meeting is the act of the board. A meeting at which a quorum
35 is initially present may continue to transact business
36 notwithstanding the withdrawal of directors, if any action taken is
37 approved by at least a majority of the required quorum for that
38 meeting.

39 (b) An action required or permitted to be taken by the board
40 may be taken without a meeting, if all members of the board shall

1 individually or collectively consent in writing to that action and
2 if the number of members of the board serving at the time
3 constitutes a quorum. The written consent or consents shall be
4 filed with the minutes of the proceedings of the board. For purposes
5 of this subdivision only, “all members of the board” shall include
6 an “interested director” as described in subdivision (a) of Section
7 310 or a “common director” as described in subdivision (b) of
8 Section 310 who abstains in writing from providing consent, where
9 the disclosures required by Section 310 have been made to the
10 noninterested or noncommon directors, as applicable, prior to their
11 execution of the written consent or consents, the specified
12 disclosures are conspicuously included in the written consent or
13 consents executed by the noninterested or noncommon directors,
14 and the noninterested or noncommon directors, as applicable,
15 approve the action by a vote that is sufficient without counting the
16 votes of the interested or common directors. If written consent is
17 provided by the directors in accordance with the immediately
18 preceding sentence and the disclosures made regarding the action
19 that is the subject of the consent do not comply with the
20 requirements of Section 310, the action that is the subject of the
21 consent shall be deemed approved, but in any suit brought to
22 challenge the action, the party asserting the validity of the action
23 shall have the burden of proof in establishing that the action was
24 just and reasonable to the corporation at the time it was approved.

25 (c) This section applies also to committees of the board and
26 incorporators and action by those committees and incorporators,
27 *mutatis mutandis*.

28 *SEC. 5. Section 312 of the Corporations Code is amended to*
29 *read:*

30 312. (a) A corporation shall have (1) a ~~chairman~~ chairperson
31 of the board, *who may be given the title of chair, chairperson,*
32 *chairman, chairwoman, chair of the board, chairperson of the*
33 *board, chairman of the board, or chairwoman of the board,* or a
34 president or both, (2) a secretary, (3) a chief financial officer, and
35 (4) such other officers with such titles and duties as shall be stated
36 in the bylaws or determined by the board and as may be necessary
37 to enable it to sign instruments and share certificates. The president,
38 or if there is no president the ~~chairman~~ chairperson of the board,
39 is the general manager and chief executive officer of the
40 corporation, unless otherwise provided in the articles or bylaws.

1 Any number of offices may be held by the same person unless the
2 articles or bylaws provide otherwise.

3 (b) Except as otherwise provided by the articles or bylaws,
4 officers shall be chosen by the board and serve at the pleasure of
5 the board, subject to the rights, if any, of an officer under any
6 contract of employment. Any officer may resign at any time upon
7 written notice to the corporation without prejudice to the rights, if
8 any, of the corporation under any contract to which the officer is
9 a party.

10 *SEC. 6. Section 313 of the Corporations Code is amended to*
11 *read:*

12 313. Subject to the provisions of subdivision (a) of Section
13 208, any note, mortgage, evidence of indebtedness, contract, share
14 certificate, initial transaction statement or written statement,
15 conveyance, or other instrument in writing, and any assignment
16 or endorsement thereof, executed or entered into between any
17 corporation and any other person, when signed by the ~~chairman~~
18 *chairperson* of the board, the president or any vice president and
19 the secretary, any assistant secretary, the chief financial officer or
20 any assistant treasurer of such corporation, is not invalidated as to
21 the corporation by any lack of authority of the signing officers in
22 the absence of actual knowledge on the part of the other person
23 that the signing officers had no authority to execute the same.

24 *SEC. 7. Section 416 of the Corporations Code is amended to*
25 *read:*

26 416. (a) Every holder of shares in a corporation shall be
27 entitled to have a certificate signed in the name of the corporation
28 by the ~~chairman~~ *chairperson* or vice ~~chairman~~ *chairperson* of the
29 board or the president or a vice president and by the chief financial
30 officer or an assistant treasurer or the secretary or any assistant
31 secretary, certifying the number of shares and the class or series
32 of shares owned by the shareholder. Any or all of the signatures
33 on the certificate may be facsimile. In case any officer, transfer
34 agent or registrar who has signed or whose facsimile signature has
35 been placed upon a certificate has ceased to be such officer, transfer
36 agent or registrar before such certificate is issued, it may be issued
37 by the corporation with the same effect as if such person were an
38 officer, transfer agent or registrar at the date of issue.

39 (b) Notwithstanding subdivision (a), a corporation may adopt
40 a system of issuance, recordation and transfer of its shares by

1 electronic or other means not involving any issuance of certificates,
2 including provisions for notice to purchasers in substitution for
3 the required statements on certificates under Sections 417, 418,
4 and 1302, and as may be required by the commissioner in
5 administering the Corporate Securities Law of 1968, which system
6 (1) has been approved by the United States Securities and Exchange
7 Commission, (2) is authorized in any statute of the United States,
8 or (3) is in accordance with Division 8 (commencing with Section
9 8101) of the Commercial Code. Any system so adopted shall not
10 become effective as to issued and outstanding certificated securities
11 until the certificates therefor have been surrendered to the
12 corporation.

13 *SEC. 8. Section 703 of the Corporations Code is amended to*
14 *read:*

15 703. (a) Shares standing in the name of another corporation,
16 domestic or foreign, may be voted by an officer, agent, or
17 proxyholder as the bylaws of the other corporation may prescribe
18 or, in the absence of such provision, as the board of the other
19 corporation may determine or, in the absence of that determination,
20 by the ~~chairman~~ *chairperson* of the board, president or any vice
21 president of the other corporation, or by any other person
22 authorized to do so by the ~~chairman~~ *chairperson* of the board,
23 president, or any vice president of the other corporation. Shares
24 which are purported to be voted or any proxy purported to be
25 executed in the name of a corporation (whether or not any title of
26 the person signing is indicated) shall be presumed to be voted or
27 the proxy executed in accordance with the provisions of this
28 subdivision, unless the contrary is shown.

29 (b) Shares of a corporation owned by its subsidiary shall not be
30 entitled to vote on any matter.

31 (c) Shares held by the issuing corporation in a fiduciary capacity,
32 and shares of an issuing corporation held in a fiduciary capacity
33 by its subsidiary, shall not be entitled to vote on any matter, except
34 as follows:

35 (1) To the extent that the settlor or beneficial owner possesses
36 and exercises a right to vote or to give the corporation binding
37 instructions as to how to vote such shares.

38 (2) Where there are one or more cotrustees who are not affected
39 by the prohibition of this subdivision, in which case the shares
40 may be voted by the cotrustees as if it or they are the sole trustee.

1 *SEC. 9. Section 1102 of the Corporations Code is amended to*
2 *read:*

3 1102. Each corporation shall sign the agreement by its ~~chairman~~
4 *chairperson* of the board, president or a vice president and secretary
5 or an assistant secretary acting on behalf of their respective
6 corporations.

7 ~~SECTION 1.~~

8 *SEC. 10.* Section 5039.5 of the Corporations Code is amended
9 to read:

10 5039.5. All references in this division to “chairman of the
11 board,” other than in Sections 5213, 7213, and 9213, shall be
12 deemed to refer to all permissible titles for a chair of the board, as
13 permitted by Sections 5213, 7213, and 9213.

14 ~~SEC. 2.~~

15 *SEC. 11.* Section 5213 of the Corporations Code is amended
16 to read:

17 5213. (a) A corporation shall have (1) a chair of the board,
18 who may be given the title chair, chairperson, chairman,
19 ~~chairwomen~~, *chairwoman*, chair of the board, chairperson of the
20 board, chairman of the board, or chairwoman of the board, or a
21 president or both, (2) a secretary, (3) a treasurer or a chief financial
22 officer or both, and (4) any other officers with any titles and duties
23 as shall be stated in the bylaws or determined by the board and as
24 may be necessary to enable it to sign instruments. The president,
25 or if there is no president the chair of the board, is the general
26 manager and chief executive officer of the corporation, unless
27 otherwise provided in the articles or bylaws. Unless otherwise
28 specified in the articles or the bylaws, if there is no chief financial
29 officer, the treasurer is the chief financial officer of the corporation.
30 Any number of offices may be held by the same person unless the
31 articles or bylaws provide otherwise, except that no person serving
32 as the secretary, the treasurer, or the chief financial officer may
33 serve concurrently as the president or chair of the board. Any
34 compensation of the president or chief executive officer and the
35 chief financial officer or treasurer shall be determined in
36 accordance with subdivision (g) of Section 12586 of the
37 Government Code, if applicable.

38 (b) Except as otherwise provided by the articles or bylaws,
39 officers shall be chosen by the board and serve at the pleasure of
40 the board, subject to the rights, if any, of an officer under any

1 contract of employment. Any officer may resign at any time upon
2 written notice to the corporation without prejudice to the rights, if
3 any, of the corporation under any contract to which the officer is
4 a party.

5 (c) If the articles or bylaws provide for the election of any
6 officers by the members, the term of office of the elected officer
7 shall be one year unless the articles or bylaws provide for a
8 different term which shall not exceed three years.

9 ~~SEC. 3.~~

10 *SEC. 12.* Section 7213 of the Corporations Code is amended
11 to read:

12 7213. (a) A corporation shall have (1) a chair of the board,
13 who may be given the title chair, chairperson, chairman,
14 ~~chairwomen~~, *chairwoman*, chair of the board, chairperson of the
15 board, chairman of the board, or chairwoman of the board, or a
16 president or both, (2) a secretary, (3) a treasurer or a chief financial
17 officer or both, and (4) any other officers with any titles and duties
18 as shall be stated in the bylaws or determined by the board and as
19 may be necessary to enable it to sign instruments. The president,
20 or if there is no president the chair of the board, is the general
21 manager and chief executive officer of the corporation, unless
22 otherwise provided in the articles or bylaws. Unless otherwise
23 specified in the articles or the bylaws, if there is no chief financial
24 officer, the treasurer is the chief financial officer of the corporation.
25 Any number of offices may be held by the same person unless the
26 articles or bylaws provide otherwise. Where a corporation holds
27 assets in charitable trust, any compensation of the president or
28 chief executive officer and the chief financial officer or treasurer
29 shall be determined in accordance with subdivision (g) of Section
30 12586 of the Government Code, if applicable.

31 (b) Except as otherwise provided by the articles or bylaws,
32 officers shall be chosen by the board and serve at the pleasure of
33 the board, subject to the rights, if any, of an officer under any
34 contract of employment. Any officer may resign at any time upon
35 written notice to the corporation without prejudice to the rights, if
36 any, of the corporation under any contract to which the officer is
37 a party.

38 ~~SEC. 4.~~

39 *SEC. 13.* Section 9213 of the Corporations Code is amended
40 to read:

9213. (a) A corporation shall have (1) a chair of the board, who may be given the title chair, chairperson, chairman, ~~chairwomen, chairwoman~~, chair of the board, chairperson of the board, chairman of the board, or chairwoman of the board, or a president or both, (2) a secretary, (3) a treasurer or a chief financial officer or both and (4) any other officers with any titles and duties as are stated in the bylaws or determined by the board and as may be necessary to enable it to sign instruments. The president, or if there is no president, the chair of the board, is the general manager and chief executive officer of the corporation, unless otherwise provided in the articles or bylaws. Unless otherwise specified in the articles or the bylaws, if there is no chief financial officer, the treasurer is the chief financial officer of the corporation. Any number of offices may be held by the same person unless the articles or bylaws provide otherwise, except that no person serving as the secretary, the treasurer, or the chief financial officer may serve concurrently as the president or chair of the board. Any compensation of the president or chief executive officer and the chief financial officer or treasurer shall be determined in accordance with subdivision (g) of Section 12586 of the Government Code, if applicable.

(b) Except as otherwise provided by the articles or bylaws, officers shall be chosen by the board and serve at the pleasure of the board, subject to the rights, if any, of an officer under any contract of employment. Any officer may resign at any time upon written notice to the corporation without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

~~SEC. 5.~~

SEC. 14. Section 12228.5 of the Corporations Code is amended to read:

12228.5. For the purposes of this part, all references to “chairman of the board,” other than in Section 12353, shall be deemed to refer to all permissible titles for a chair of the board, as permitted by Section 12353.

~~SEC. 6.~~

SEC. 15. Section 12320 of the Corporations Code is amended to read:

12320. Subject to any limitations contained in the articles or bylaws and to compliance with other provisions of this part and

1 any other applicable laws, a corporation, in carrying out its
2 activities, shall have all of the powers of a natural person,
3 including, without limitation, the power to:

4 (a) Adopt, use, and at will alter a corporate seal, but failure to
5 affix a seal does not affect the validity of any instrument.

6 (b) Adopt, amend, and repeal bylaws.

7 (c) Qualify to conduct its activities in any other state, territory,
8 dependency, or foreign country.

9 (d) Issue, purchase, redeem, receive, take or otherwise acquire,
10 own, sell, lend, exchange, transfer or otherwise dispose of, pledge,
11 use and otherwise deal in and with its own memberships, bonds,
12 debentures, notes, and debt securities.

13 (e) Pay pensions, and establish and carry out pension, deferred
14 compensation, saving, thrift and other retirement, incentive and
15 benefit plans, trusts and provisions for any or all of its directors,
16 officers, employees, and persons providing services to it or any of
17 its subsidiary or related or associated corporations, and to
18 indemnify and purchase and maintain insurance on behalf of any
19 fiduciary of such plans, trusts, or provisions.

20 (f) Issue certificates evidencing membership in accordance with
21 the provisions of Section 12401 and issue identity cards to identify
22 those persons eligible to use the corporation's facilities.

23 (g) Levy dues, assessments, and membership and transfer fees.

24 (h) Make donations for the public welfare or for community
25 funds, hospital, charitable, educational, scientific, civic, religious,
26 or similar purposes.

27 (i) Assume obligations, enter into contracts, including contracts
28 of guarantee or suretyship, incur liabilities, borrow or lend money
29 or otherwise use its credit, and secure any of its obligations,
30 contracts or liabilities by mortgage, pledge or other encumbrance
31 of all or any part of its property and income.

32 (j) Participate with others in any partnership, joint venture or
33 other association, transaction or arrangement of any kind whether
34 or not such participation involves sharing or delegation of control
35 with or to others.

36 (k) Act as trustee under any trust incidental to the principal
37 objects of the corporation, and receive, hold, administer, exchange,
38 and expend funds and property subject to such trust.

1 (l) Carry on a business at a profit and apply any profit that results
2 from the business activity to any activity in which it may lawfully
3 engage.

4 (m) (1) ~~In anticipation of or during an emergency, take either~~
5 ~~or both of the following actions necessary to conduct the~~
6 ~~corporation's ordinary business operations and affairs, unless~~
7 ~~bylaws, authorized pursuant to subdivision (h) of Section 12331,~~
8 ~~provide otherwise.~~*In anticipation of or during an emergency, take*
9 *either or both of the following actions necessary to conduct the*
10 *corporation's ordinary business operations and affairs, unless*
11 *emergency bylaws provide otherwise pursuant to subdivision (h)*
12 *of Section 12331:*

13 (A) Modify lines of succession to accommodate the incapacity
14 of any director, officer, employee, or agent resulting from the
15 emergency.

16 (B) Relocate the principal office, designate alternative principal
17 offices or regional offices, or authorize the officers to do so.

18 (2) ~~During an emergency, take either or both of the following~~
19 ~~actions necessary to conduct the corporation's ordinary business~~
20 ~~operations and affairs, unless bylaws, authorized pursuant to~~
21 ~~subdivision (h) of Section 12331, provide otherwise.~~*During an*
22 *emergency, take either or both of the following actions necessary*
23 *to conduct the corporation's ordinary business operations and*
24 *affairs, unless emergency bylaws provide otherwise pursuant to*
25 *subdivision (h) of Section 12331:*

26 (A) Give notice to a director or directors in any practicable
27 manner under the circumstances, including, but not limited to, by
28 publication and radio, when notice of a meeting of the board cannot
29 be given to that director or directors in the manner prescribed by
30 the bylaws or Section 12351.

31 (B) Deem that one or more officers of the corporation present
32 at a board meeting is a director, in order of rank and within the
33 same rank in order of seniority, as necessary to achieve a quorum
34 for that meeting.

35 (3) In anticipation of or during an emergency, the board may
36 not take any action that requires the vote of the members or is not
37 in the corporation's ordinary course of business, unless the required
38 vote of the members was obtained prior to the emergency.

39 (4) Any actions taken in good faith in anticipation of or during
40 an emergency under this subdivision bind the corporation and may

1 not be used to impose liability on a corporate director, officer,
2 employee, or agent.

3 (5) For purposes of this subdivision, “emergency” means any
4 of the following events or circumstances as a result of which, and
5 only so long as, a quorum of the corporation’s board of directors
6 cannot be readily convened for action:

7 (A) A natural catastrophe, including, but not limited to, a
8 hurricane, tornado, storm, high water, wind-driven water, tidal
9 wave, tsunami, earthquake, volcanic eruption, landslide, mudslide,
10 snowstorm, or, regardless of cause, any fire, flood, or explosion.

11 (B) An attack on this state or nation by an enemy of the United
12 States of America, or upon receipt by this state of a warning from
13 the federal government indicating that an enemy attack is probable
14 or imminent.

15 (C) An act of terrorism or other manmade disaster that results
16 in extraordinary levels of casualties or damage or disruption
17 severely affecting the infrastructure, environment, economy,
18 government functions, or population, including, but not limited
19 to, mass evacuations.

20 (D) A state of emergency proclaimed by ~~the~~ a Governor or by
21 the President of the United States.

22 ~~SEC. 7:~~

23 *SEC. 16.* Section 12331 of the Corporations Code is amended
24 to read:

25 12331. (a) The bylaws shall set forth (unless such provision
26 is contained in the articles, in which case it may only be changed
27 by an amendment of the articles) the number of directors of the
28 corporation, or the method of determining the number of directors
29 of the corporation, or that the number of directors shall be not less
30 than a stated minimum or more than a stated maximum with the
31 exact number of directors to be fixed, within the limits specified,
32 by approval of the board or the members (Sections 12222 and
33 12224), in the manner provided in the bylaws, subject to
34 subdivision (e). The number or minimum number of directors shall
35 not be less than three. Alternate directors may be permitted, in
36 which event, the bylaws shall specify the manner and times of
37 their election and the conditions to their service in place of a
38 director.

39 (b) Once members have been admitted, a bylaw specifying or
40 changing a fixed number of directors or the maximum or minimum

1 number or changing from a fixed to a variable board or vice versa
2 may only be adopted by approval of the members.

3 (c) The bylaws may contain any provision, not in conflict with
4 law or the articles, for the management of the activities and for
5 the conduct of the affairs of the corporation, including, but not
6 limited to:

7 (1) Any provision referred to in subdivision (c) of Section
8 12313.

9 (2) The time, place and manner of calling, conducting and giving
10 notice of members', directors', and committee meetings, or of
11 conducting mail ballots.

12 (3) The qualifications, duties, and compensation of directors;
13 the time of their election; and the requirements of a quorum for
14 directors' and committee meetings.

15 (4) The appointment of committees, composed of directors or
16 nondirectors or both, by the board or any officer and the authority
17 of these committees.

18 (5) The appointment, duties, compensation, and tenure of
19 officers.

20 (6) The mode of determination of members of record.

21 (7) The making of reports and financial statements to members.

22 (8) Setting, imposing, and collecting dues, assessments, and
23 membership and transfer fees.

24 (9) The time and manner of patronage distributions consistent
25 with this part.

26 (d) The bylaws may provide for eligibility, the manner of
27 admission, withdrawal, suspension, and expulsion of members,
28 and the suspension or termination of memberships consistent with
29 the requirements of Section 12431.

30 (e) The bylaws may require, for any or all corporate actions,
31 the vote of a larger proportion of, or all of, the members or the
32 members of any class, unit, or grouping of members or the vote
33 of a larger proportion of, or all of, the directors, than is otherwise
34 required by this part. A provision in the bylaws requiring a greater
35 vote shall not be altered, amended, or repealed except by the greater
36 vote, unless otherwise provided in the bylaws.

37 (f) The bylaws may contain a provision limiting the number of
38 members, in total or of any class or series, which the corporation
39 is authorized to admit.

(g) The bylaws may provide for the establishment by the corporation of a program for the education of its members, officers, employees, and the general public in the principles and techniques of cooperation.

~~(h) (1) The bylaws may contain any provision, not in conflict with the articles, to manage and conduct the ordinary business affairs of the corporation effective only during an emergency, including, but not limited to, procedures for calling a board meeting, quorum requirements for a board meeting, and designation of additional or substitute directors.~~ *The bylaws may contain any provision, not in conflict with the articles, to manage and conduct the ordinary business affairs of the corporation effective only in an emergency as defined in Section 12320, including, but not limited to, procedures for calling a board meeting, quorum requirements for a board meeting, and designation of additional or substitute directors.*

(2) During an emergency, the board may not take any action that requires the vote of the members or otherwise is not in the corporation's ordinary course of business, unless the required vote of the members was obtained prior to the emergency.

~~(3) All provisions of the regular bylaws consistent with the bylaws effective only in the event of an emergency shall remain effective during the emergency, and the emergency bylaws shall not be effective after the emergency ends.~~ *All provisions of the regular bylaws consistent with the emergency bylaws shall remain effective during the emergency, and the emergency bylaws shall not be effective after the emergency ends.*

~~(4) Corporate action taken in good faith in accordance with the bylaws effective only in the event of an emergency binds the corporation, and may not be used to impose liability on a corporate director, officer, employee, or agent.~~ *Corporate action taken in good faith in accordance with the emergency bylaws binds the corporation, and may not be used to impose liability on a corporate director, officer, employee, or agent.*

~~(5) For purposes of this subdivision, "emergency" has the same meaning as the term does in Section 12320.~~

~~SEC. 8.~~

SEC. 17. Section 12353 of the Corporations Code is amended to read:

1 12353. (a) A corporation shall have (1) a chair of the board,
2 who may be given the title chair, chairperson, chairman,
3 ~~chairwomen, chairwoman~~, chair of the board, chairperson of the
4 board, chairman of the board, or chairwoman of the board, or a
5 president or both, (2) a secretary, (3) a treasurer or a chief financial
6 officer or both, and (4) any other officers with any titles and duties
7 as shall be stated in the bylaws or determined by the board and as
8 may be necessary to enable it to sign instruments. The president,
9 or if there is no president the chair of the board, is the chief
10 executive officer of the corporation, unless otherwise provided in
11 the articles or bylaws. Unless otherwise specified in the articles
12 or the bylaws, if there is no chief financial officer, the treasurer is
13 the chief financial officer of the corporation. Any number of offices
14 may be held by the same person unless the articles or bylaws
15 provide otherwise. Either the chair of the board or the president
16 shall be elected from among those board members elected by the
17 membership of the corporation.

18 (b) Except as otherwise provided by the articles or bylaws,
19 officers shall be chosen by the board and serve at the pleasure of
20 the board, subject to the rights, if any, of an officer under any
21 contract of employment. Any officer may resign at any time upon
22 written notice to the corporation without prejudice to the rights, if
23 any, of the corporation under any contract to which the officer is
24 a party.

25 *SEC. 18. Section 13401.5 of the Corporations Code is amended*
26 *to read:*

27 13401.5. Notwithstanding subdivision (d) of Section 13401
28 and any other provision of law, the following licensed persons
29 may be shareholders, officers, directors, or professional employees
30 of the professional corporations designated in this section so long
31 as the sum of all shares owned by those licensed persons does not
32 exceed 49 percent of the total number of shares of the professional
33 corporation so designated herein, and so long as the number of
34 those licensed persons owning shares in the professional
35 corporation so designated herein does not exceed the number of
36 persons licensed by the governmental agency regulating the
37 designated professional corporation. This section does not limit
38 employment by a professional corporation designated in this section
39 of only those licensed professionals listed under each subdivision.
40 Any person duly licensed under Division 2 (commencing with

- 1 Section 500) of the Business and Professions Code, the
2 Chiropractic Act, or the Osteopathic Act may be employed to
3 render professional services by a professional corporation
4 designated in this section.
- 5 (a) Medical corporation.
- 6 (1) Licensed doctors of podiatric medicine.
- 7 (2) Licensed psychologists.
- 8 (3) Registered nurses.
- 9 (4) Licensed optometrists.
- 10 (5) Licensed marriage and family therapists.
- 11 (6) Licensed clinical social workers.
- 12 (7) Licensed physician assistants.
- 13 (8) Licensed chiropractors.
- 14 (9) Licensed acupuncturists.
- 15 (10) Naturopathic doctors.
- 16 (11) Licensed professional clinical counselors.
- 17 (12) Licensed physical therapists.
- 18 (b) Podiatric medical corporation.
- 19 (1) Licensed physicians and surgeons.
- 20 (2) Licensed psychologists.
- 21 (3) Registered nurses.
- 22 (4) Licensed optometrists.
- 23 (5) Licensed chiropractors.
- 24 (6) Licensed acupuncturists.
- 25 (7) Naturopathic doctors.
- 26 (8) Licensed physical therapists.
- 27 (c) Psychological corporation.
- 28 (1) Licensed physicians and surgeons.
- 29 (2) Licensed doctors of podiatric medicine.
- 30 (3) Registered nurses.
- 31 (4) Licensed optometrists.
- 32 (5) Licensed marriage and family therapists.
- 33 (6) Licensed clinical social workers.
- 34 (7) Licensed chiropractors.
- 35 (8) Licensed acupuncturists.
- 36 (9) Naturopathic doctors.
- 37 (10) Licensed professional clinical counselors.
- 38 (d) Speech-language pathology corporation.
- 39 (1) Licensed audiologists.
- 40 (e) Audiology corporation.

- 1 (1) Licensed speech-language pathologists.
- 2 (f) Nursing corporation.
- 3 (1) Licensed physicians and surgeons.
- 4 (2) Licensed doctors of podiatric medicine.
- 5 (3) Licensed psychologists.
- 6 (4) Licensed optometrists.
- 7 (5) Licensed marriage and family therapists.
- 8 (6) Licensed clinical social workers.
- 9 (7) Licensed physician assistants.
- 10 (8) Licensed chiropractors.
- 11 (9) Licensed acupuncturists.
- 12 (10) Naturopathic doctors.
- 13 (11) Licensed professional clinical counselors.
- 14 (g) Marriage and family therapist corporation.
- 15 (1) Licensed physicians and surgeons.
- 16 (2) Licensed psychologists.
- 17 (3) Licensed clinical social workers.
- 18 (4) Registered nurses.
- 19 (5) Licensed chiropractors.
- 20 (6) Licensed acupuncturists.
- 21 (7) Naturopathic doctors.
- 22 (8) Licensed professional clinical counselors.
- 23 (h) Licensed clinical social worker corporation.
- 24 (1) Licensed physicians and surgeons.
- 25 (2) Licensed psychologists.
- 26 (3) Licensed marriage and family therapists.
- 27 (4) Registered nurses.
- 28 (5) Licensed chiropractors.
- 29 (6) Licensed acupuncturists.
- 30 (7) Naturopathic doctors.
- 31 (8) Licensed professional clinical counselors.
- 32 (i) Physician assistants corporation.
- 33 (1) Licensed physicians and surgeons.
- 34 (2) Registered nurses.
- 35 (3) Licensed acupuncturists.
- 36 (4) Naturopathic doctors.
- 37 (j) Optometric corporation.
- 38 (1) Licensed physicians and surgeons.
- 39 (2) Licensed doctors of podiatric medicine.
- 40 (3) Licensed psychologists.

- 1 (4) Registered nurses.
- 2 (5) Licensed chiropractors.
- 3 (6) Licensed acupuncturists.
- 4 (7) Naturopathic doctors.
- 5 (k) Chiropractic corporation.
- 6 (1) Licensed physicians and surgeons.
- 7 (2) Licensed doctors of podiatric medicine.
- 8 (3) Licensed psychologists.
- 9 (4) Registered nurses.
- 10 (5) Licensed optometrists.
- 11 (6) Licensed marriage and family therapists.
- 12 (7) Licensed clinical social workers.
- 13 (8) Licensed acupuncturists.
- 14 (9) Naturopathic doctors.
- 15 (10) Licensed professional clinical counselors.
- 16 (l) Acupuncture corporation.
- 17 (1) Licensed physicians and surgeons.
- 18 (2) Licensed doctors of podiatric medicine.
- 19 (3) Licensed psychologists.
- 20 (4) Registered nurses.
- 21 (5) Licensed optometrists.
- 22 (6) Licensed marriage and family therapists.
- 23 (7) Licensed clinical social workers.
- 24 (8) Licensed physician assistants.
- 25 (9) Licensed chiropractors.
- 26 (10) Naturopathic doctors.
- 27 (11) Licensed professional clinical counselors.
- 28 (m) Naturopathic doctor corporation.
- 29 (1) Licensed physicians and surgeons.
- 30 (2) Licensed psychologists.
- 31 (3) Registered nurses.
- 32 (4) Licensed physician assistants.
- 33 (5) Licensed chiropractors.
- 34 (6) Licensed acupuncturists.
- 35 (7) Licensed physical therapists.
- 36 (8) Licensed doctors of podiatric medicine.
- 37 (9) Licensed marriage and family therapists.
- 38 (10) Licensed clinical social workers.
- 39 (11) Licensed optometrists.
- 40 (12) Licensed professional clinical counselors.

- 1 (n) Dental corporation.
- 2 (1) Licensed physicians and surgeons.
- 3 (2) Dental assistants.
- 4 (3) Registered dental assistants.
- 5 (4) Registered dental assistants in extended functions.
- 6 (5) Registered dental hygienists.
- 7 (6) Registered dental hygienists in extended functions.
- 8 (7) Registered dental hygienists in alternative practice.
- 9 (o) Professional clinical counselor corporation.
- 10 (1) Licensed physicians and surgeons.
- 11 (2) Licensed psychologists.
- 12 (3) Licensed clinical social workers.
- 13 (4) Licensed marriage and family therapists.
- 14 (5) Registered nurses.
- 15 (6) Licensed chiropractors.
- 16 (7) Licensed acupuncturists.
- 17 (8) Naturopathic doctors.
- 18 (p) Physical therapy corporation.
- 19 (1) Licensed physicians and surgeons.
- 20 (2) Licensed doctors of podiatric medicine.
- 21 (3) Licensed acupuncturists.
- 22 (4) Naturopathic doctors.
- 23 (5) Licensed occupational therapists.
- 24 (6) Licensed speech-language therapists.
- 25 (7) Licensed audiologists.
- 26 (8) Registered nurses.
- 27 (9) Licensed psychologists.
- 28 (10) Licensed physician assistants.
- 29 (q) *Registered Dental Hygienist in Alternative Practice*
- 30 *Corporation.*
- 31 (1) *Dental assistants.*
- 32 (2) *Licensed dentists.*
- 33 (3) *Registered dental hygienists.*
- 34 (4) *Registered dental hygienists in extended functions.*

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